



# UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE  
United States Patent and Trademark Office  
Address: COMMISSIONER FOR PATENTS  
P.O. Box 1450  
Alexandria, Virginia 22313-1450  
www.uspto.gov

| APPLICATION NO. | FILING DATE | FIRST NAMED INVENTOR | ATTORNEY DOCKET NO. | CONFIRMATION NO. |
|-----------------|-------------|----------------------|---------------------|------------------|
| 09/330,446      | 06/11/1999  | ROBERT M. FORD       |                     | 9422             |

7590 03/24/2004

GREGORY P SILBERMAN  
KAYE SCHOLER FIERMAN  
HAYS & HANDLER LLP  
425 PARK AVENUE  
NEW YORK, NY 10022

EXAMINER

MEINECKE DIAZ, SUSANNA M

| ART UNIT | PAPER NUMBER |
|----------|--------------|
|----------|--------------|

3623

DATE MAILED: 03/24/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

**Office Action Summary**

Application No.

09/330,446

Applicant(s)

FORD, ROBERT M.

Examiner

Susanna M. Diaz

Art Unit

3623

NW

– The MAILING DATE of this communication appears on the cover sheet with the correspondence address –

**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 29 December 2003.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-4 and 7-50 is/are pending in the application.
- 4a) Of the above claim(s) 1-4, 7-14, 16-18, 20-35 and 39-50 is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 15, 19 and 36-38 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)  | 4) <input type="checkbox"/> Interview Summary (PTO-413)<br>Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)                                   | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152)             |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)<br>Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____  |

### DETAILED ACTION

1. This Non-Final Office action is responsive to Applicant's Response to Restriction Requirement filed December 29, 2003.

Group II (claims 15, 19, and 36-38) have been elected with traverse.

Claims 1-4, 7-14, 16-18, 20-35, and 39-50 stand as non-elected claims. Please cancel these claims in response to this Office action.

Claims 15, 19, and 36-38 are presented for examination.

2. Applicant elected Group II with traverse and asserts that the Restriction Requirement was improper because the Examiner must search aspects of Group I as part of the search for Group II, thereby indicating that no serious burden is placed on the Examiner. The Examiner respectfully disagrees. While both Groups I and II recite the determination of various prices of a commodity depending on the type of insurance instrument that is sold with the commodity, Group I addresses more of the details of how the insurance product and commodity is marketed and transferred to individual customers. The bidding recited in Group I allows a customer purchasing a commodity to select the lowest-priced offer. On the other hand, Group II addresses the details of an auction in which various customers (i.e., potential buyers of a commodity) bid against each other to try to offer the commodity provider with the greater profit margin for the bundled commodity and insurance product. Clearly, the bidding conducted in Group I is distinct from the specifics of the auction recited in Group II; therefore, the Restriction Requirement is maintained as proper.

***Claim Rejections - 35 USC § 112***

3. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

4. Claims 15 and 19 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Claim 15 recites "a commodity" in both lines 3 and 6; however, it is not clear whether the commodity in line 6 is the same as the commodity first recited in line 3. In step (d), it appears that the first and second bidders are placing bids for the same commodity, but each bidder bids on a different insurance instrument to be bundled with the same commodity. In order to make this clear, it is suggested that Applicant amend "a commodity" in line 6 of claim 15 to read as "said commodity" instead.

Claim 19 is dependent from claim 15 and therefore inherits the same rejection under 35 U.S.C. § 112, 2<sup>nd</sup> paragraph.

Appropriate correction is required.

***Claim Rejections - 35 USC § 101***

5. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

6. Claims 15, 19, and 36-38 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Art Unit: 3623

The basis of this rejection is set forth in a two-prong test of:

- (1) whether the invention is within the technological arts; and
- (2) whether the invention produces a useful, concrete, and tangible result.

For a claimed invention to be statutory, the claimed invention must be within the technological arts. Mere ideas in the abstract (i.e., abstract idea, law of nature, natural phenomena) that do not apply, involve, use, or advance the technological arts fail to promote the "progress of science and the useful arts" (i.e., the physical sciences as opposed to social sciences, for example) and therefore are found to be non-statutory subject matter. For a process claim to pass muster, the recited process must somehow apply, involve, use, or advance the technological arts. While claims 15, 19, and 36-38 recite the useful, concrete, and tangible result of selling a commodity based on the determination of the winner of an auction, it is not clear that claims 15, 19, and 36-39 are limited to the technological arts. As discussed with Applicant's representative (Mr. Brandon Sklar, Reg. No. 31,667) on March 10, 2004, a core step (such as a calculation step) should be recited as performed by technology, e.g., a computer or processor. For example, amending independent claims 15 and 36 to expressly recite that the determination of whether said first bidder exceeds said first price by a greater amount than said second bidder or whether said second bidder exceeds said second price by a greater amount than said first bidder exceeds said first price (or a similar variation thereof) is performed by a computer or processor should overcome the rejection under 35 U.S.C. § 101.

Appropriate correction is required.

***Allowable Subject Matter***

7. Claims 15, 19, and 36-38 would be allowable if rewritten or amended to overcome the rejections under 35 U.S.C. § 101 and § 112, second paragraph, set forth in this Office action.

8. The following is a statement of reasons for the indication of allowable subject matter:

The closest prior art references of record are Woolston (U.S. Patent No. 6,266,651) and Oren et al. ("Interruption Insurance for Generation and Distribution of Electric Power").

Woolston discloses two-tiered electronic markets in which a retail consumer may be offered an item at a retail price while a wholesale dealer is offered the same item at a wholesale price. The "current retail bid amount is selectively displaced if the received wholesale bid increased by a predetermined amount is greater than the current retail bid" (abstract). In other words, a given item is offered to different customers at two different tiers and the customer bidding the price that yields the greatest profit margin for the seller of the item wins the bid. Similarly, the claimed invention offers a commodity to two different bidders and the bidder offering the bid that yields the greater profit margin for the seller of the commodity wins the bid; however, Woolston fails to teach or suggest the incorporation of a first and a presumably distinct second insurance instrument designed to indemnify the first and second bidders, respectively, against loss associated with purchase of the commodity offered for sale. The determination of

Art Unit: 3623

whom to award the bid to requires consideration of not only the price differential between the initial seller-assigned price of the commodity to each bidder, but also the price of each respective insurance product bundled to the commodity, as displayed to the first and second bidders as a first and second price, respectively.

Oren discloses the concept of a utility company offering its customers the option of paying various premiums for different guaranteed levels of power delivery. In other words, the utility provides "an insurance mechanism which offers customers protection against interruption losses" (¶ 3). However, Oren fails to disclose or suggest the provision of its bundled power with insurance through means of an auction, as recited in the claimed invention.

In conclusion, claims 15, 19, and 36-38 are deemed to be allowable because the prior art of record is not seen to disclose or suggest the steps of offering a first bidder at a first price a commodity bundled with a first insurance instrument designed to indemnify the first bidder against loss associated with at least one risk associated with the purchase of the commodity, offering a second bidder at a second price the commodity bundled with a second insurance instrument designed to indemnify the second bidder against loss associated with at least one risk associated with the purchase of the commodity, and then selling the commodity to the bidder whose bid exceeds the price at which he/she was respectively offered the bundled commodity with insurance instrument by the greatest margin.

***Conclusion***

9. The prior art made of record and not relied upon is considered pertinent to Applicant's disclosure.

Ausubel (U.S. Patent No. 6,026,383) -- Discloses the auctioning of electric power.

Ehlers et al. (U.S. Patent No. 6,216,956) -- Discloses the auctioning of electric power.

Bushnell ("Bidder Cost Revelation in Electric Power Auctions") -- Discloses the auctioning of electric power.

Chao et al. ("Priority Service: Pricing, Investment, and Market Organization") -- Discusses the offering of priority services.

Deng et al. ("Priority Network Access Pricing for Electric Power") -- Discusses priority pricing for electric power.

Strauss et al. ("Priority Pricing of Interruptible Electric Service With an Early Notification Option") -- Discusses priority pricing for interruptible electric power.

Doucet ("Coordination of Non-Utility Generation Through Priority Purchase Contracts") -- Discusses priority pricing for electric power.

Doucet et al. ("Onsite Backup Generation and Interruption Insurance for Electricity Distribution") -- Discusses priority pricing for interruptible electric power.



Art Unit: 3623

10. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Susanna M. Diaz whose telephone number is (703) 305-1337. The examiner can normally be reached on Monday-Friday, 9 am - 5 pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Tariq Hafiz can be reached on (703) 305-9643.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the Receptionist whose telephone number is (703)308-1113.

Any response to this action should be mailed to:

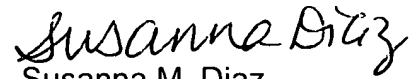
**Commissioner for Patents  
P.O. Box 1450  
Alexandria, Virginia 22313-1450**

or faxed to:

**(703)305-7687** [Official communications; including  
After Final communications labeled  
"Box AF"]

**(703)746-7048** [Informal/Draft communications, labeled  
"PROPOSED" or "DRAFT"]

Hand delivered responses should be brought to Crystal Park 5, 2451 Crystal Drive, Arlington, VA, 22202, 7<sup>th</sup> floor receptionist.

  
Susanna M. Diaz  
Primary Examiner  
Art Unit 3623  
March 19, 2004